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# Message Text

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14
ACTION EA-09

INFO OCT-01 ISO-00 ACDA-07 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

/095 W
---------- 050686
R 310837Z AUG 76
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 2763
INFO AMCONSUL HONG KONG
FUMJFS/AMEMBASSY VIENTIANE 9585
CINCPAC HONOLULU

C O N F I D E N T I A L BANGKOK 24466

CINCPAC ALSO FOR POLAD
E.O. 11652: GDS
TAGS: ETRD, PFOR, CB, TH
SUBJECT: THAI-CAMBODIAN TRADE OFFICIALLY RESUMES

SUMMARY: A POINT ON THE THAI-CAMBODIAN BORDER OPENED AUGUST 30 TO PERMIT OFFICAIL TRADE BETWEEN THE TWO CONTRIES, LITTLE COMMERCE OCCURRED ON THE FIRST DAY. SMUGGLING HAS CONTINUED AT A RATHER LOW LEVEL IN RECENT MONTHS DUE TO FINANCING PRO-LEMS. END SUMMARY.

1. PURSUANT TO THE AGREEMENT REACHED BETWEEN THAI AND CAM-BODIAN DELEGATIONS AT SISOPHONE JUNE 16-17 TO RESUME TRADE, BORDER POINT AT ARANYAPRATHET-POIPET WAS REOPENED AUGUST 30 TO PERMIT TRADE BETWEEN THE CAMBODIAN STATE TRADING AGENCY, ON THE ONE HAND, AND THAI FIRMS WHICH REGISTER WITH THE LIAISON OFFICES ON THE OTHER. THIS MARKS FIRST OFFICAIL REOPPENING OF THE BORDER SINCE THE COMMUNIST TAKEOVER OF CAMBODIA IN 1975 AND SYSTEMATIZES SPORADIC LEGAL TRADE
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WHICH HAS OCCURRED SINCE LATE NOVEMBER.

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2. AUGUST 30 TRADE WAS NOT VERY SIGNIFICANT: 1,000 CORRUGATED IRON SHEETS AND SPARE PARTS FOR 25 ENGINES WITH A TOTAL VALUE OF 40,000 BAHT (2,000 DOLLARS), WERE SENT INTO CAMBODIA WHILE 1,000 KILOGRAMS OF DRIED FISH OFFICIALLY VALUED AT 40,000 BAHT BUT WITH AN ESTIMATED MARKET VALUE OF 70,000 BAHT ($3,500) ENTERED THAILAND. RTG EXPECTS TRADE TO GROW HOWEVER WITH CAMBODIA IMPORTING SUCH ITEMS AS AGRICULTURAL PRODUCTS RICE MILLING AND OTHER MACHINERY SPARE PARTS FOR TRACTORS AND MOTOR VEHICLES, TRIES, CHEMICALS AND MEDICAL SUPPLIES IN EXCHANGE FOR VARIOUS KINDS OF FISH, HIDES TIMBER COFFEE BEANS AND RUBBER. TRADE WILL BE PERMITTED ON A DAILY BASIS, WITH THE BORDER OPEN FOOM 6:00 AM TO 6:00 PM FOR THE PURPOSE. ONLY PERSONS INVOLVED IN THE TRADE ARE ALLOWED TO CROSS THE BORDER.

3. HOW MUCH TRADE WILL BE CONDUCTED LEGALLY AS OPPOSED TO THE OPEN SMUGGLING ROUTE WITH WHICH BOTH SIDES ARE FAIRLY COMFORTABLE IS OPEN TO QUESTION. IT MAY BE CONVENIENT TO CONTINUE SOME SMUGGLING BECAUSE OF THE EASE OF TRANSACTION AND BECAUSE ONE SIDE MAY WISH TO ACQUIRE OR DISPOSE OF ITEMS WHICH IT DOES NOT WISH TO APPEAR IN OFFICIAL RECORDS.

4. SMUGGLING HAS BEEN OCCURRING FOR SOME MONTHS AT A RATHER LOW LEVEL IN THE ARANYAPRATHETE AREA, DUE PERHAPS TO THE FACG THAT THE CAMBODIANS HAVE NOT SEEMED TO HAVE MUCH MONEY WITH WHICH TO PURCHASE ITEMS THE THAI MERCHANTS WERE NO LONGER WILLING TO PROVIDE THE CAMBODIANS GOODS ON CREDIT HAVING BEEN BADLY BURNED IN THE PAST. ON ONE RECENT VISIT EMBOFF OBSERVED CAMBODIANS PROVIDING DRIED FISH FISH PASTE AND FISH SAUCE TO A LARGE NUMBER OF THAI GATHERED SOUTH OF THE OFFICIAL CHECKPOINT AREA WHO PAID FOR THE GOODS IN BAHT WHICH THE CAMBODIANS PRESUMABLY USED IN LATER PURCHASES. WE HAVE FAIRLY SOUND INDICATIONS THAT BESIDES FISH AND FISH PRODUCTS CAMBODIANS HAVE BEEN EXCHANGING WITH THE THAI HOUSEHOLD ITEMS, SUCH AS IRONS AND EVEN OCCASIONAL HONDA MOTORCYCLES FOR TRACTOR PARTS SOME PETROLEUM AND RICE CAMBODIANS INFORMED ONE MERCHANT A MONTH AGO CURIOUSLY THAT THEIR OWN LAST
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RICE HARVEST BEING GOOD, THEY WERE PURCHASING THE ADDITIONAL RICE--AT THIS TIME OF FOOD SHORTAGE ONCE AGAIN INSIDE CAMBODIA--FOR STOCKPILING), FOR EXAMPLE.

5. ANOTHER INTERESTING OBSERVATION BEFORE THE BORDER REOPENING WAS TRUCK TIRE TRACKS ON THE BRIDGE CONNECTING THE TWO COUNTIRIES. SEVERAL PERSONS WITH WHOM WE SPPKE HAD HEARD THE SOUND OF A NUMBER OF TRUCKS BEING DRIVEN

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OUT OT THAT AREA AT NIGHT AND RETURNING. INDEED, IT IS ALLEGED THAT AS PART OF THEIR HEAVY INVOLVEMENT IN THE SMUGGLING, MEMBERS OF THE IMPORTANT VIETNAMESE COMMUNITY IN ARANYAPRATHET DRIVE THESE TRUCKS. WE WERE UNABLE TO LEARN WHETHER IT WAS RICE OR OTHER ITEMS THAT WERE BEING TRANSPORTED IN THIS MANNER.

6. ALTHOUGH INFORMATION IS SCARCE IT IS PROBABLE THAT LIMITED SMUGGLING IS ALSO CONTINUING BETWEEN THE KOH KONG AREA OF SOUTHWESTERN CAMBODIA AND KHLONG YAI IN THAILAND'S TRAT PROVINCE. VARIOUS TYPES OF PETROLEUM AND PETROLEUM PRODUCTS WHICH CAMBODIA REQUIRES ARE BEING EXCHANGED BY SOME RATHER COURAGEOUS THAI FISHING BOAT CAPTAINS FOR FISH SHRIMP AND PEPPER ACCORDING TO AN OBSERVANT REFUGEE LIVING IN KHLONG YAI UNTIL RECENTLY.

7. COMMENT. WE CANNOT PREDICT WHAT WILL BE THE EXTENT OF EITHER THE LEGAL OR ILLEGAL TRADE BETWEEN THE TWO COUNTRIES IN THE FUTURE. HOWEVER EVEN ON A SMALL SCALE IT IS SIGNIFICANT SINCE IT REPRESENTS AN EXCEPTION TO CAMBODIA'S ISOLATIONIST POLICY. THE RTG WISHES TO ENCOURAGE WUCH A DEVELOPMENT, BELIEVING THAT TIES BETWEEN THE TWO SERVE THE NEEDS OF BOTH.
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